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COPY NO. 39

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: MAY 12 1951

- NOTE: 1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
2. Comments represent the preliminary views of the Office of Current Intelligence.
3. Marginal letter indications are defined as follows:
- "A" - items indicating Soviet-Communist intentions or capabilities
  - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
  - "C" - other information indicating trends and potential developments

\*Army, Navy, DIA, and State Dept.  
reviews completed\*

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SECTION 1 (SOVIET)

"B" USSR. HICOG Study Concludes that the USSR Will Not Risk War During Next Few Years. A study by the Peripheral Reporting Unit in Frankfurt reviews those general factors which restrain and those which encourage the USSR in a policy of aggression sufficient to risk instigating a general war. Several factors are numbered on the restraining side: (1) The low morale of the Soviet citizenry resulting from (a) post-war disillusionment over continued police-state controls; (b) the unfavorable comparison of Soviet and European life which many soldiers made first-hand during the war; (c) hostility of the population to the regime, manifested by an apathetic attitude of passive indifference, and caused by agricultural collectivization, low standard of living, stringent labor restrictions, and the policy of thought-control, particularly among the intelligentsia; (d) the official anti-religious policy; (3) the gulf between the Party leaders and the masses; (f) a general prevalence of war-fear engendered by the privations and hardships of World War II; (g) a certain degree of discrimination against the non-Great Russians. Dissatisfaction in the services is engendered among the enlisted men by his low material standard in comparison with the officers, among the latter by the surveillance of the ubiquitous MGB and political officers, and among both by the tight controls maintained over life in the occupation armies. (2) The comparatively low industrial potential of the USSR, among which outstanding weaknesses are a low rate of steel production, an inadequate network of rail and road communications, serious deficiencies in machine-tool construction and a lack of adequate reserves of skilled workers. (3) Soviet population trends which in the future will more and more favor the military age potential of the USSR over the US. (4) The conservatism of Soviet society resulting from the solidification of a social structure which favors and is completely controlled by the bureaucracy. (5) The continuing undercurrent of Western popularity, despite the propaganda campaigns. (6) The non-aggressive, peaceful character of the Russian people, whose greatest military exploits have traditionally been in defense of their own soil, and who seem to have little native predilection toward militarism and regimentation.

Among those factors which militate for aggressive policy the report notes: (1) The need for certain raw materials, notably oil and uranium; (2) Anticipation of increasing hostility towards the regime resulting from the inability of the government to both increase the standard of living and the rate of war production; and (3) The sheer lust for power on the part of the leaders.

The influence of the officer caste, Russian imperialist tradition, and the desire to maintain internal unity by fomenting foreign wars are all rejected as serious stimulants to aggression. The

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implacable hostility for the non-Soviet world postulated by the doctrine of Communism may over a long period shape a policy different from one based on a drive for political power alone. However, Moscow's current interpretation of Communism, which favors the position of the USSR above all, is pragmatic, flexible and opportunistic to the point that it is presently indistinguishable from a plan of action followed by any nation bent on a patient, reasoned policy of world conquest. In this sense, the decision to begin general hostilities in anticipation of an eventual attack by the West must from the viewpoint of self-preservation appear unwise.

the Soviet leaders in anticipation of an eventual Western attack would, rather than immediately begin general hostilities, continue to concentrate on their own defenses and simultaneously weaken the strength of the West. It is just such a policy which the USSR has followed, the Korean war being no exception. The study concludes that deterrents outweigh stimuli, and that overt Soviet aggression involving a risk of all-out war is not likely for several years at least.

"B" EASTERN EUROPE. CZECHOSLOVAKIA. High Level Meeting in Praha Discounted. Despite reports from Berlin that a high level Soviet-Satellite meeting to discuss West German rearmament had been held concurrently with the recent liberation celebrations in Praha, the US Ambassadors in Praha, London, and Warsaw report that there is no evidence available to them to support this information. [redacted] C Praha 701, 8 May 51; C London 5857, 10 May 51; R Warsaw 875, 9 May 51). COMMENT: Rumors of high-level Soviet orbit policy meetings have circulated whenever satellite dignitaries have gathered to celebrate Communist holidays. A notable decrease in Communist propaganda on the subject of West German rearmament during the past fortnight tends to detract from the possibility that such a meeting was held. However, unpublicized policy meetings of satellite leaders presumably have occurred from time to time. 25X1

"B" CZECHOSLOVAKIA-HUNGARY. Industrial Cooperation Agreement Signed. On 27 April representatives of the Hungarian and Czechoslovak Planning Offices signed a long term industrial cooperation agreement. The US Legation Budapest believes that the move may be a major step toward integration of the Hungarian-Czechoslovak economies, apparently on a bilateral basis. No direct reference was made to a permanent committee of economic collaboration, but something of this nature is presumably envisaged. (S MA 2514 B'pst, 4 May 51). COMMENT: During the first few years after the war the USSR emphasized the integration of the various Eastern European economies with its own. This agreement, which appears to be of the same type as that already in effect between Poland and Czechoslovakia, is apparently an indication of a trend toward extending intra-orbit cooperation between the Satellites themselves.

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"B" RUMANIA. Labor Unrest Widespread. Evidence of the continuing difficulties confronting the Rumanian Government in its drive to whip labor into line is contained in reports of recent manifestations of unrest furnished to the US Legation. The most spectacular was a "symbolic" strike of railway workers in Bucharest in March which affected a small section of local rail services and lasted only a few hours. The immediate cause was said to have been the removal of ration privileges formerly granted to railway workers. As a result of this demonstration, Gheorghiu-Dej, Vice Premier 25X1 and Secretary General of the Workers' Party, addressed a mass meeting of rail workers in an attempt to bolster morale. Reports [redacted] state that this formerly popular leader of the 1933 rail strike was booed and heckled. Order was restored by the Militia and numerous arrests were made. The Legation further states that the mass firing of white-collar workers (OCI Daily Digest, 27 Apr 51) has added considerably to the general worker discontent. The Legation believes that such manifestations of dissatisfaction will result only in stronger repressive measures accompanied by a heightened propaganda campaign urging workers to redouble their efforts in the struggle for "peace". (C Bucharest D-362, 10 Apr 51). COMMENT: Intelligence from the East European satellites points to widespread but apathetic labor discontent in the face of increasing Communist production quotas, which are not accompanied by any improvement in the standard of living. This discontent, however, lacks any effective means of expression and has thus far been effectively coped with by Communist measures largely of a repressive nature, but on occasion involving minor concessions.

"A" YUGOSLAVIA. Unidentified Submarine Sighted in Yugoslav Waters. Yugoslav Deputy Chief of Staff Admiral Manola has informed the US Naval Attache in Belgrade that two sightings of one, possibly two, unidentified submarines were made on 6 May near the islands of Lastovo and Vis in the Adriatic within the Yugoslav six mile limit. The US Attache reports that, when Admiral Manola was informed that the submarine was not American, he was visibly upset and stated that he had hoped that it would have been a US submarine. Manola commented that there was no reason why the Soviet Union should keep these islands under observation since Soviet officials had supervised the installations on the islands (prior to the Yugoslav-Soviet break). (S Albania Belgrade, 9 May 51). COMMENT: It is entirely possible that the submarine or submarines sighted were of Western origin. The USSR is not known to have any submarines in Mediterranean waters, although numerous unconfirmed reports have been received of submarine activity at Saseno Island, Albania.

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SECTION 2 (EASTERN)

- "B" GREECE. Greek Navy to Hold Combined Maneuvers with US and UK Navies. According to press reports, US, UK and Greek naval units will hold combined maneuvers in Greek waters during the summer. The first phase of the exercises will take place in June, the second in August. (U New York Times, 11 May 51). COMMENT: The Free Greek Radio, broadcasting from Bucharest, has already seized on this topic as another indication of US and UK plans for the Balkans. The Communist Radio reiterates that "all this warlike activity of the monarchofascist proves that the Americans are in a hurry to start the war in the Balkans". This continuing theme is indicative of the Soviet concern over any strengthening of the Greek or Turkish defensive potential.
- "A" IRAN. USSR Allegedly Offers Iran Assistance in Oil Exploitation. According to a French broadcast, high-placed British sources report that the USSR offered technical assistance to Iran in the exploitation of its nationalized oil fields. Soviet Ambassador Sadchikov reportedly made the offer to Prime Minister Mossadeq during his visit last week. The report does not specify whether Mossadeq accepted. (R FBID, 11 May 51). A US Navy message states that [redacted] claims 25X1 confirmation from several low grade sources of press reports that Sadchikov proposed to the Iranian Prime Minister the formation of a new Iranian oil company in the North. The refinery would be built with Soviet aid and the products sold exclusively to the USSR. (R FBIS Ticker 11 May 51; S CINCNELM 081431Z May 51). COMMENT: Neither of these reports is confirmed, and they are probably just rumors. While the USSR undoubtedly wishes to profit from the current friction between the UK and Iran, Prime Minister Mossadeq has shown absolutely no sign of wishing to make a deal with the USSR. While affirming the necessity of obtaining the aid of foreign oil experts, the Prime Minister would undoubtedly prefer to employ non-Soviet technicians. It is accordingly unlikely that any offer of Soviet help would be given serious consideration until other possibilities had been exhausted.
- "A" Tudeh Demonstrates Against US. According to the US Ambassador in Tehran, several thousand persons held an "orderly and well disciplined" demonstration in front of the Embassy on 11 May demanding "peace" and calling upon the US to "stop aggression in Korea". The demonstrators proceeded to Parliament Square where, according to press reports, these "Partisans of Peace", who were actually members of the pro-Soviet Tudeh party, hailed Stalin, denounced "Anglo-American Warmongers", and demanded the immediate expulsion of the US military mission.

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mission to the Iranian Army. (U Tehran 2759, 11 May 1951; U New York Times, Washington Post, 12 May 1951). COMMENT: While the press has given figures of 10,000 and 60,000 demonstrators, past experience indicates that the press tends to exaggerate such occurrences. Demonstrations and press campaigns may be expected as the Communists take advantage of Prime Minister Mossadeq's stand on freedom of expression and assemblage. If he clamps down on these activities, or if the situation further deteriorates, the Tudeh may resort to more extreme measures. The emphasis by the Tudeh on the expulsion of the US military mission (See OCI Daily Digest, 9 May 51) may have unfortunate repercussions for Iranian-US relations.

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"A" INDIA. India Barter for Soviet Wheat. On 11 May, according to the New Delhi press, an official spokesman of the Government of India announced that the GOI would pay in barter - not cash as previously announced - for the 50,000 tons of wheat recently obtained from the USSR. (See OCI Daily Digest 10 May 51). The terms of the agreement are still being negotiated but, nevertheless, the USSR has dispatched the first cargoes. (R FBIS News Ticker, 11 May 51). COMMENT: In

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early April, the Indian press reported that the USSR was willing to barter wheat to India in exchange for atomic materials, tea, rubber and jute. Prime Minister Nehru, in a speech to Parliament on 10 May, announced that a fundamental part of India's foreign policy was not to supply atomic materials to foreign countries. Since tea, rubber and jute are in short supply, it is uncertain as to what commodities India is prepared to supply to the USSR in exchange for wheat.

"B" INDOCHINA. Legionnaires Assault Vietnamese in Hanoi. The throwing of a grenade in Hanoi precipitated a brutal assault by French Foreign Legionnaires on Vietnamese passersby. The explosion caused a slight leg wound to one Legionnaire and in retaliation others rushed from several quarters and assaulted all operators of pedicabs (a sort of rickshaw). One operator was beaten to death on the spot, others injured. A dozen or more pedicabs were maliciously damaged. Questioning of a French MP sergeant elicited the information that the grenade had actually been thrown by a drunken Legionnaire. The story of the incident is spreading rapidly through Hanoi. (C Hanoi 653, 11 May 51). COMMENT: The Foreign Legion has had a highly unsavory reputation in Indochina for more than two decades. This incident can only serve to inflame anti-French feeling among the native population.

"A" CHINA. Reduced Role of MAO Tse-tung Reported. Publisher of a major pro-Communist newspaper in Hong Kong has informed a US consular officer that MAO Tse-tung "retired from active administrative work" over two months ago in order to resume "writing on theory." Source states that Premier CHOU En-lai is directing the government while Vice-Chairman LIU Shao-ch'i and Central Committeeman CH'EN Po-ta are handling Party affairs. ConGen surmises that MAO would be unlikely to withdraw from active participation in the regime unless compelled by illness or "displacement," and that source's account may be for consumption by the Party rank-and-file. (C Hong Kong 3351, 11 May 51). COMMENT: Although MAO's appearance at the May Day festivities in Peiping dispelled rumors of his death or critical illness, there have been persistent reports of his poor health, as well as rumors of his displacement by other Party leaders. There is no evidence that MAO is out of favor with the USSR or with his Party comrades; he continues to be praised in extravagant terms by both. However, reports of his failing health appear to be supported, to some degree, by his non-appearance in public through all of February, March and April, and by indications of his inability to accept certain private engagements. It is possible that illness has induced or compelled MAO to reduce his role in the regime's affairs. In such an event, major changes in Peiping's

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policies probably are not to be expected, as his presumptive successors are committed, so far as is known, to an identical world-view.

"C"

Hong Kong Fears Emergency Resulting from Court Decision Against Communists. A Hong Kong court decision regarding 40 Chinese Nationalist transport planes whose ownership is now claimed by the Chinese Communist is expected in the next few days. The Hong Kong authorities are reported to be standing by for an emergency in the event that the decision is unfavorable to the Communists. (S Hong Kong 3354, 11 May 1951). COMMENT: This case parallels in many respects that of the 15,000-ton tanker YUNG HAO which the Communists also claimed but which the Hong Kong government seized. The Communist reaction to that seizure was the requisitioning of all property in China of the British Asiatic Petroleum Company. An unfavorable decision in the aircraft case is expected to bring further retaliation by the Chinese Communists.

"B"

Chinese Communists Transfer Buying Activities from Hong Kong to Other Areas. According to the US Consul General in Hong Kong, it is becoming apparent that the chief Communist purchasing agents are transferring their activities to other areas, particularly India. As a result of the increased number of Hong Kong export controls, many items (military trucks, tires, metals, and others) are no longer readily available in the Colony. (S Hong Kong 3354, 11 May 1951). COMMENT: Hong Kong's impounding several days ago of 51 Dodge trucks destined for China gave further evidence to the Communists of the declining usefulness of Hong Kong as a source of supply for strategic items. [ ] have reported that the Communists have been anticipating that Hong Kong's export controls would get progressively stricter and have, therefore, stipulated early delivery in their recent contracts. It has also been reported that recent Communist procurement activities in India are motivated in large part by the apprehension of possible embargoes by the Indian Government.

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Arrest of US Nationals in Shanghai. [ ] reports the arrest of two US nationals in Shanghai on 27-28 April and a statement by a public security official on 29 April that two "American spies" had been apprehended and had made partial confessions. (S London 5864, 10 May 1951). COMMENT: The CCI Daily Digest of 8 May reported large-scale arrests in Shanghai on 27-28 April. The public security official's statement connects the two arrested Americans with a specific office of US intelligence in China. The Communists have imposed severe punishment -- including death sentences -- upon non-American personnel whom they have accused of working for that office, and they may now be prepared to execute US nationals on those charges.

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"B" KOREA. Smoke Screen Shields Communist Movement. The 12 May intelligence telecon from the US Far East Command reports a 28-mile smoke screen running east-west north of the North Korean town of Hwachon. Considerable enemy troop movement was detected in this area on 11 May. An additional smoke screen of unreported size is also reported northwest of Seoul in the Munsan area. (S DA CINCFE Telecon 4704, 12 May 1951). COMMENT: Utilization of smoke screen by the enemy in Korea denotes the urgency of whatever troop movement is being concealed. The general Communist practice has been to move troops only at night. A similar smokescreen in mid-April covered the entry of the Chinese Communist 3d and 9th Army Group into the battle zone prior to the 22 April offensive.

"B" More Indications of Communist Intent to Commit Their Air Force. The 12 May intelligence teleconference from the US Far Eastern Command reports that US reconnaissance over North Korea revealed a) bombs stacked beside an airstrip near Sinmak (in western Korea south of Pyongyang), b) two steam rollers working on an airstrip at Sinanju (north of Pyongyang along the Chongchon river) and c) another airfield under construction at Sunchon (northeast of Pyongyang). (S DA CINCFE Telecon 4704, 12 May 1951). COMMENT: The renewal of construction activity and stockpiling on North Korean airfields is another indication of Communist intentions to commit eventually some elements of their airforce. It must be brought to mind, however, that airfield construction activity in North Korea has continued unabated almost since the beginning of hostilities and no significant air action has developed to date as a result.

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SECTION 3 (WESTERN)

"C" WESTERN EUROPE. Schuman Plan Ratification Is Delayed by French Political Situation. Although the bill for French ratification of the Schuman Plan was submitted to the Cabinet 9 May, prior to presentation to the National Assembly the end of this week, parliamentary action will be postponed until sometime after the June elections and the organization of the new Parliament--at least until mid-August. Government mishandling may cause additional postponements, although Monnet intends to press for immediate action when the new Assembly meets. Delegates of the six participating countries have informally exchanged ratification documents.

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The Netherlands plans ratification before the end of Parliament's session on 20 July, and the other Benelux countries' ratifications are being held up by technical difficulties. As yet, there is no indication of proposed Italian action. (C Paris 6808, 9 May 51). COMMENT: The opposition in France can be expected to pose a serious threat regardless of the composition of the next Assembly.

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"C" Proposed Agricultural Pool Not To Be an Extension of the Schuman Plan. The French architects of the proposed European "agricultural pool"--a long-term plan to improve European food supplies--have told US officials that it is not consistent with two basic principles of the Schuman Plan. The "green pool" would be regulated not by governing organs exercising authority above the national governments, but by a central body wielding limited powers under the supervision of member governments. Secondly, the proposed pool would make no attempt to apply rules to all concerned on an equal basis. Present plans therefore do not suggest a "logical extension of the Schuman Plan", and US Embassy Paris regards it as entirely possible that the "pool" will develop into a comprehensive organization which will be quite compatible with US interests. (C Paris 6835, 10 May 51). COMMENT: US concern over the possible effects of the proposed "pool" on US agricultural markets has been based largely on the assumption that the French expected to follow closely the organization of the Schuman Plan. French Minister of Agriculture Pflimlin anticipates that after the French June elections each country participating in the pool conference will present its own detailed plans for the type of organization to be developed.

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"B" ITALY. Communists Maneuver for General Strike. Following the 8 May strike of Government workers (the most nearly complete such strike ever attempted), Di Vittorio, Secretary General of the Communist General Confederation of Labor, reportedly warned that if the right of civil servants to strike is suppressed by pending parliamentary legislation, all Italian workers will be called upon to support the fight of these workers. For the moment, however, the majority of workers in the Communist and non-Communist unions appear to favor the resumption of negotiations with the Government. Press reports indicate that the Government will not apply sanctions against the strikers as previously threatened. (U Rome 5063, 10 May 51). COMMENT: Di Vittorio has maneuvered so adroitly that, if the Government mishandles the situation, the stage will be prepared for a Communist-led general strike. Also, in view of the impending municipal elections, the Government will probably be forced to some compromise measure instead of the bill restricting the right of civil servants to strike. This Communist opportunity, like others in the past, derives basically from the absence of a strong non-Communist labor movement, independent of political alignments, and thereby free to work for purely economic objectives.

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"B" Break between Nenni Socialists and Communists Unlikely at this Time. [redacted] Pietro Nenni, leader of the philo-Communist Socialists (PSI), has discussed with Togliatti the increasingly delicate position of his party as a result of its subservience to the Italian Communists (PCI) and their Cominformist activities. Nenni stated that he might have to re-examine his own political orientation and that he might move toward the position of the non-Communist Unitary Socialist leaders Romita and Silone. He objected to the PCI control of the "peace" organizations on the grounds that it has alienated the sympathies of the middle class and many Socialists. Togliatti's reaction included a threat to discontinue PCI support of the PSI. Relations between the two leaders are strained. [redacted]. COMMENT: There has been no previous indication of friction between Nenni and Togliatti or of any disagreement on Nenni's part with PCI policy. At the National Congress of the PSI in January 1951, Nenni succeeded in putting through a program of complete subservience to PCI policies and in silencing a few voices raised in protest.

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"B" VATICAN. Neo-Fascists Seek Vatican Support in Forthcoming Italian Elections. The neo-Fascist Italian Social Movement (MSI) has published the text of a circular letter sent to its provincial centers in connection with the imminent municipal elections. Stating that MSI opposition to the Christian Democrats is not of an anti-religious character and insisting on the MSI's respect for the Catholic religion, the letter argued that Catholic Action (the Vatican lay

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organization) is an autonomous force rather than an appendage of the Christian Democratic Party, and urged that the MSI maintain "the most correct relations" with Catholic Action. In reply, the semi-official Vatican daily, Osservatore Romano, pointed out that an organ of the MSI only this week accused the Pope and Catholic Action of having "betrayed" Italy during and before the war. Osservatore said the neo-Fascists and Communists were united by "anti-Catholic sectarianism" and that the Social Movement should decide whether its policy was or was not anti-clerical before talking about establishment of correct relations with the Catholics. (U NY Times, Rome, 12 May 51). COMMENT: The comments of Osservatore Romano suggest that elements in the Vatican are still discussing the pros and cons of throwing Vatican support to the rightist parties rather than to the Christian Democrats in the approaching elections. (See OCI Daily Digest, 7 May 51.)

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"B" DENMARK. Government Disturbed by Publicity about US Request on Conscription. The Government is "profoundly disturbed" by the extensive publicity resulting from a "leak" to the press of the US request for lengthening of the Danish conscription period. The request was generally presented in the press as a US ultimatum upon which arms aid is contingent. (S Copenhagen 960, 10 May 51; and P Copenhagen 959, 10 May 51). COMMENT: Public and parliamentary discussion of the US request will undoubtedly delay the passage of the defense bill and the ratification of the Greenland defense treaty, but Parliament will eventually pass both measures. (See OCI Daily Digest, 11 May 51). The Government, in addition to its usual fears of counter moves by the USSR, also apparently fears that the alleged US "ultimatum" will stimulate public antipathy to further US-Danish cooperation.

"C" ARGENTINA. Government Controls Tungsten, Beryl, and Mica Trade. An 8 May 51 decree has placed trade in tungsten, beryl, and mica under government control for two years. All stocks and future production must be sold to the government at stipulated minimum prices, and the official Trade Promotion Institute (IAPI) will be the exclusive exporter of any exportable surplus. (U Buenos Aires 987, 9 May 51). COMMENT: Tightening controls over these strategic minerals is an attempt to maximize quid pro quo benefits from their exportation. Argentina will use these minerals to bargain for imports of scarce machinery and materials.

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE  
DAILY DIGEST OF SIGNIFICANT S/S CABLES

12 May 1951

DEPUTY FOREIGN MINISTERS' CONFERENCE

"B" USSR Offers Another Counter-Proposal for Foreign Ministers' Conference  
In the 10 May session Soviet delegate Gromyko proposed an agenda for a Foreign Ministers' meeting based on a Western alternative proposal subject to three qualifications: that German demilitarization be listed first as an agreed sub-item, that a Soviet proposal on North Atlantic Treaty bases be added as another unagreed point, and that the order of items be examined. In a typical long propaganda harangue Gromyko re-emphasized the peaceful policy of the Soviet Union as contrasted with aggressive Western policies, such as the North Atlantic Treaty and continuation of Western defense measures while the deputies were meeting. COMMENT: On 2 May the Western Powers introduced three separate alternative proposals as their maximum effort to make possible a Foreign Ministers' meeting. Gromyko's latest tactic represents an attempt to capitalize on Western concessions in two of the proposals and thus to approach the original Soviet agenda demands. On 4 May Gromyko "accepted" the first Western proposal provided that the Soviet position on reductions of armaments, limited to those of the four powers, be accepted. (C, S/S Paris 6856, 11 May 51).

SECTION 2 (EASTERN)

"C" GREECE. Greek Request for US Intercession with UK on Cyprus Rejected.  
The Department of State has instructed the US Embassy in Athens to inform Prime Minister Venizelos that in view of US conviction that the Enosis (Union of Cyprus with Greece) question should not be raised at this time, the US considers it inappropriate to approach the UK on this subject. (See OCI Daily Digest, S/S Supplement 4 and 8 May 51). Cyprus has been proposed for the agenda of the colonial talks which the US and UK hope to hold in the near future. Britain, according to the Department of State, may be prepared during these talks to consider the renewal of the offer of self-government and dual nationality. The Embassy is advised to give no encouragement whatsoever to the Greek Government concerning a quick solution, pending indications that the UK is willing to make a concession on this matter. (S, S/S, State 4224, 9 May 51). COMMENT: While the Greeks may be disappointed over the US reply, they will not be surprised at it. Moreover, their failure to obtain US support at this time,

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will undoubtedly not discourage them from trying again. It is unlikely that a British offer of self-government for Cyprus would quiet Cypriot pressure for Enosis. The British attempts in 1947-48 to interest Cypriots in self-government failed because of Cypriot refusal to accept anything short of Enosis.

"B" SAUDI ARABIA. US Interest in Dhahran Air Field Agreement. The State Department has informed US Ambassador Hare in Jidda that General Day, who has been in Washington on consultation, will soon rejoin Hare in the resumption of the US-Saudi Arabian military negotiations, which have reached a delicate and, the Department hopes, a final stage. Since the Dhahran Air Field is increasingly important in US strategic thinking, the Department is interested in an early agreement. Because Saudi Arabian reaction to current Anglo-Egyptian differences (on the Suez and Sudan issues) has largely been responsible for eliminating the possibility of a long-term arrangement, the US is ready to accept a much shorter agreement. The Department adds that the UK has been informed concerning the general nature of the approximately \$40,000,000 military grant aid program for the Near East and concerning the fact that Saudi Arabia will receive the largest portion of that aid as a result of US special interest in that country. (TS, S/S, State to Jidda, 380, 10 May 51). COMMENT: The conclusion of an early agreement to extend US military rights at the Dhahran Air Field has become more important as the result of a combination of Near East problems which have all come to a head in the last few months. The position of the US and UK in the Near East is more complicated now than in 1950, not only as the result of the Anglo-Egyptian impasse, but also as result of recent events in Iran and the development of the bitter border dispute between Syria and Israel.

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